1352.0.55.142 - Research Paper: Modelling the Short-Term Dynamics of Unemployment Using the ABS Longitudinal Labour Force Survey File (Methodology Advisory Committee), Sep 2014

Summary

About this Release

What affects the probability that an individual who has just entered unemployment finds employment within a given timeframe? Does the probability of exiting unemployment depend on the length of the individual's unemployment spell?

This paper reflects on these questions and analyses the transitions from unemployment of those aged 20–65 years, over the 2008–2010 period. The analysis makes use of the ABS Longitudinal Labour Force Survey (LLFS) file – a dataset that includes households that were followed for eight consecutive months during the said period. This paper is the first longitudinal analysis conducted on the file.

Building on the job-search theoretical framework, the paper builds a model aimed at analysing the factors that influence transitions from unemployment. A range of methodological techniques are implemented, including the creation of time intervals and the subsequent discrete duration analysis; the adoption of the competing-risks framework, to account for the different forms of exits from unemployment; and the inclusion of random effects in modelling the unobserved heterogeneity.